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**Date:** 5/25/2016

**GAIN Report Number:** CH 16032

## **China - Peoples Republic of**

**Post:** Beijing

### **State Council Opinions on Traceability Systems for Key Products**

**Report Categories:**

Policy and Program Announcements

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**Report Highlights:**

In January 2016, the State Council issued Opinions on Accelerating the Construction Traceability Systems for Key Commodities (Guo Fa Ban (2015) No. 95), which pledges to expedite the construction of traceability systems for key commodities, including edible agricultural products, food products, drugs, and rare earth.

This report contains an unofficial translation of the State Council Opinions.

## **General Information:**

BEGIN TRANSLATION

# **Opinion of the State Council's General Office for Accelerating the Construction of the Traceability System for Key Commodities**

Guo Fa Ban (2015) No. 95

The municipal governments of all provinces, autonomous regions and municipalities, ministries and affiliated institutions of the State Council,

The traceability system is an effective measure to collect and record the information of production/circulation/consumption; it enables the availability of information regarding sources/destinations/accountable persons, and is conducive to reinforce the whole process quality/safety management and risk control. In recent years, many provinces and relevant ministries have been actively promoting the use of modern information technologies (such as the Internet of Things, cloud computing) in establishing the traceability system for key products, such as edible agricultural products, food products, drugs, and rare earth, etc. The traceability system achieves positive results in terms of improving enterprises' quality management, adopting innovative enforcement approaches, and protecting transaction safety, etc. However, constructing the traceability systems still faces problems, such as backward planning, inadequate regulations and standards, and insufficient incentive measures. In order to expedite the application of modern information technologies to improve the important product traceability system, we hereby put forward the following opinions approved by the State Council:

## **I. General Requirements**

### **1 Guiding Ideology**

Follow the instructions by the CPC 18<sup>th</sup> Congress and the 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> Plenary Sessions thereof, and the instructions by the State Council, accelerate the construction of the traceability system for key commodities that features nationwide coverage, advanced technologies; the system will promote the comprehensive quality and safety management, improve product quality/safety, public safety, and better satisfy needs of the public, as well as promote the economic and social development.

### **2 Basic Principle**

Involve all parties, including government, market and the industry; insist on the combination of overall planning and local management to give coordinated guidance and to fully carry out the responsibilities; allow the diversified forms of system and the interconnection of the systems for information sharing and efficient operation of the systems; uphold the combination of government oversight and social governance, create innovative management mode to safeguard consumption and public security.

### **3 Primary Objectives**

By 2020, the planning and standard systems for the traceability system will be complete, the regulatory system will be further improved; China will preliminarily form the unified mechanism that allows nation-wide data sharing and exchange of traceability data, and initially realize the interconnection and sharing of traceability information amongst relevant departments/regions/enterprises; producers and traders of key products (such as edible agricultural products, food products, drugs, agricultural inputs, special equipment, and hazardous materials and rare earth) have strong awareness for traceability, and more enterprises will adopt information technology to build up the traceability system; the public's awareness and acceptance of the traceability system will increase, and the traceability system will greatly improve the market environment.

## **II. Unified Planning and Product-by-Product Implementation**

### **4 Unified Planning**

Make coordinated plan for the nation-wide traceability system of key products that have significant impact on people's safety/property and public safety in accordance with provisions of the Food Safety Law, Agricultural Product Quality and Safety Law, Law on the Administration of Drugs, Special Equipment Safety Law and Administrative Rules for Safety of Civil Explosives, etc. At present and in the coming period, China will urge producers and traders of the key products to expedite the construction of the traceability system with specific guidance for each industry and implement the construction plans in a step-by-step manner. Local authorities are required to develop implementation plans in consideration of the local situation, determine the list of key products in the traceability system, and clearly give instructions on objectives, tasks and policies.

### **5 Promote the Construction of Traceability System of Edible Agricultural Products.**

Establish the whole process traceability cooperation mechanism for quality and safety of edible agricultural products to promote the interconnection of traceability management and market access; cores of the system are the accountable entities and the flow of the products, and the traceability code will be used. Encourage producers and traders of agricultural products to actively participate in the operation of the national agricultural product quality and safety traceability information platform. The central finance funds will support regions that launch traceability systems for meat, vegetables and Chinese herb medicine to promote innovative management modes and efficient operation of the traceability system.

### **6 Promote the Construction of Food Traceability System.**

Urge and guide the producers of infant formula food, meat products, dairy products, edible vegetable oil, liquor and other food products to establish the quality and safety traceability system, require the producers to fully take responsibility for quality and safety of their products. Encourage the traceability chain to extend to raw material supply to achieve traceability of the whole industry chain. Encourage the pilot free trade zones construct traceability systems for imported milk powder and wine products.

### **7 Promote the Construction of Drug Traceability System**

Extend gradually to the raw materials of medicinal substances (materials), herbal pieces and other categories of drugs on the basis of the electronic supervision of varieties of pharmaceutical preparations achieved. Grasp the full coverage of the electronic supervision of operational links to promote the connection of the medical information system with the national drug electronic supervision system, forming a complete traceability and supervision chain for all varieties and whole process.

#### 8 Construct the Traceability System for Major Agricultural Inputs

Establish the electronic traceability code labeling system and the traceability system that cover registration, production, trading and use of major agricultural inputs (pesticides, veterinary drugs, feedstuff, fertilizer, seeds). Such whole process traceability system will be conducive to ensure production safety, product quality and safety, ecological environment safety and people's life safety.

#### 9 Construct the Traceability System of Special Equipment and Dangerous Materials

Strictly implement the special equipment safety technical archive management system with the elevator, gas cylinder and other products as the focus, promote the enterprises to record the manufacturing, installation, maintenance, inspection and other process information of the elevator products, as well as the manufacturing, filling, inspection and other process information of the cylinder products, to establish the special equipment safety management traceability system. Carry out the construction of full process information traceability system of production, management, storage, transportation, application and destruction with the civil explosives, fireworks, hazardous chemicals easy to produce explosives, poisonous chemicals and other products as the focus.

#### 10 Construct the Traceability System of Rare earth

Speed up the promotion to build up the rare earth product traceability system with the rare earth mineral products, rare earth smelting and separation products as the focus, and the production and operation records, product packaging identification as the main contents, to achieve the traceability management of the whole process of rare earth from mining, smelting and separation to circulation and export.

### **III. Unify Standards and Interconnection**

#### 11 Improve the Standards System

Design the traceability standard systems for edible agricultural products, food products, drugs, agricultural inputs, special equipment, hazardous materials and rare earth; take into consideration the actual needs and characteristics of the production and circulation of the specific product; make clear the basic requirements and adopt simple/appropriate traceability mode. To ensure information interconnection in different links, and reading of the product code in the whole process, relevant authorities are required to develop a series of essential and general standards, and rules for unified data collection indicators, transmission format, interface specification and product coding. Ensure the standards of different levels and for different product categories are coordinated.

#### 12 Play the Role of Certification.

Strengthen the traceability system with certification and accreditation; encourage relevant agencies to use the traceability management as an important assessment indicator and incorporate it into the existing quality management system and food safety management system, the pharmaceutical production quality management practice and pharmaceutical operation quality management practice, the good agricultural operation practices and good production practices, the hazard analysis and critical control point system and certification of organic products, etc., to provide the vast production and operation enterprises with market certification services. Timely support the third party professional certification body to explore the establishment of specialized certification system of traceability management system. The relevant departments can actively accept the result of third party certification in management, drive the production and operation enterprises to actively improve the product traceability management level through authentication method.

### 13 Promote the Interconnection.

Establish the perfect unified sharing and exchange mechanism of governmental traceability data, and actively explore the cooperation mode of government and society, to promote the interconnection and sharing of all kinds of traceability information. The relevant departments and regions can rely on the existing infrastructure as necessary to build up the industrial or regional traceability management information platforms. Encourage the production and operation enterprise, association and third party platforms to access to the industrial or regional traceability management information platforms, to achieve the interconnection of upstream information with downstream information. Open the unified public service windows, innovate the ways to query, to provide the public-oriented traceability information one-stop query services.

## **IV. Multi-Party Participation, Joint Effort Promotion**

### 14 Strengthen the Main Responsibility of Enterprises

The production and operation enterprises should strictly abide by the provisions of relevant laws and regulations, establish and improve the traceability management system, and earnestly implement the main responsibility. Encourage them to use the Internet of Things and other technical means to acquire and retain the information, and establish the information traceability system. The wholesale, retail, logistics distribution and other circulation enterprises should play a pivotal role in supply chain to drive the production enterprises to build up jointly the whole process information traceability chain. The enterprises should explore the establishment of the diversified cooperation mechanism between them, and through joint venture, cooperation, cross shareholding and other modes to establish the information traceability union. The electronic commerce enterprises should closely integrate with the offline enterprises to establish the information traceability system based on the unified encoding techniques, and online and offline integration. The foreign trade enterprises should take into account the domestic and international market demands, to build up the internal and external integrated import and export information traceability system.

### 15 Play the Role of Governmental Supervision and Guidance

The relevant departments should strengthen the supervision and inspection of the production and operation enterprises, urge the enterprises to strictly observe the traceability management system, and

establish and improve the traceability system. Carry out various forms of demonstrative creation activities around the key points, difficulties and weak points for construction of the traceability system. The regions having been included in the agricultural product quality safety, food and drug safety, enhancement of markets by quality, quality improvement and other creation activities carried out by the relevant departments should, in particular, strengthen the demonstrative efforts to create the experiences that can be replicated and promoted. The conditional regions can forcibly require the production and operation enterprises to establish the traceability system by law within the local administrative regions by using the information means, aiming at the part of products with high safety risk and strong social complaints.

#### 16 Support the Associations in Active Participation

The industry associations should carry out deeply the publicity and implementation activities on the relevant laws, regulations and standards, and innovate the self-discipline measures and mechanism to promote the member enterprises to arouse the enthusiasm and initiatively build up the traceability system, forming the effective self-discipline promotion mechanism. The conditional industry associations can invest in the construction of traceability information platforms, guide the member enterprises by using the market-oriented means to build up the traceability system and form the industry demonstration brands. Support the conditional industry associations to enhance their service functions and provide the member enterprises with professional services in the construction of traceability system.

#### 17 Develop the Traceability Service Industry

Support the social forces and capital to invest in the construction of traceability systems, foster the innovation and new entrepreneurial fields. Support the related agencies to build up the third party traceability platform, adopt the market-oriented way to attract the enterprises to join, create the mass innovation space for construction of the traceability system. Explore the establishment of cloud service platform of traceability system in the governmental and social capital cooperation (PPP) mode, to provide information traceability management cloud service to the large, medium, small and micro enterprises. Support the technology research and development, system integration, consultation, supervision, testing and big data analysis and application and other institutions to actively participate, to provide the professional services for the construction of enterprise traceability system and daily operation management, forming the perfect industry chain of supporting services.

### **V. Exploitation of Values and Expansion of Applications**

#### 18 Promote the Comprehensive Quality and Safety Management

Promote the connection of the traceability system with the inspection and testing system and enterprise internal quality management system, to create a tight whole process quality and safety management and control chain. Play the role of traceability information sharing and exchange mechanism, innovate the quality safety and public safety supervision mode, and explore the implementation of whole process product intelligent "Cloud Supervision". Build up the big data supervision model and improve the forecasting and early warning mechanism to prevent the regional, systemic safety risk of the important products occurring. Fully exploit the application value of the traceability data in the evaluation of enterprise quality credit to improve the good-faith quality and self-

discipline mechanism. Establish the intelligent product quality and safety complaints, main responsibility positioning, sales scope and impact assessment, defective product recalls and emergency disposal and other mechanisms, arouse the enthusiasm of public participation in quality safety and public safety management.

#### 19 Promote the Consumption Transformation and Upgrading

Increase the publicity efforts, disseminate the traceability concept and foster the traceability culture to promote the formation of social atmosphere for concerning with and supporting the traceability. Gradually establish the identification and sign system adaptable to the certification and accreditation, and convenient for consumers to identify. Explore the establishment of product quality and safety archives and quality breach-of-faith "Blacklist" and timely issue the consumer tips to guide the rational consumption of the consumers. Increase the efforts to promote the traceable products and promote the large supermarket chains, hospitals and community consumption units to initiatively purchase the traceable products, creating a market environment conducive to the consumption of traceable products.

#### 20 Promote the Industrial Innovation and Development

Strengthen the application of big data analysis and result of traceability to provide decision support for economic regulation and industrial development. In the premise of strengthening the security assurance by law and business secret protection, gradually promote the traceability data resources to open orderly to the society, encourage the application of the commercial added-value. Encourage the production and operation enterprises to use the traceability system to drive the brand creation and business model innovation. Encourage the production and operation enterprises to use the traceability system to carry out market forecasting and precision marketing, to better open up the market at home and abroad. Promote the agricultural product wholesale markets, country fairs, vegetable markets and other centralized trading places to develop the electronic settlement, intelligent logistics and e-commerce, and achieve the innovation and development in combination with the traceability system construction.

### **VI. Improvement of System and Enhancement of Protection**

#### 21 Improve the system of laws and regulations

Develop and revise the relevant laws, regulations and rules, further improve the traceability management system, and refine and detail the responsibilities and obligations of the production operators. Study and develop the agricultural product quality and safety traceability management methods, and refine the agricultural product traceability management and market access mechanism. Research to establish and improve the corresponding random spot check and supervision system to improve the supervision efficiency, aiming at the enterprises to establish the information traceability system. Study and develop the traceability data sharing, opening, protection and other management measures to strengthen the standardized management of data acquisition, transmission and storage, exchange, use and opening.

#### 22 Enhance the policy support

Promote the establishment of the diversified investment and construction mechanism, and enhance the policy support efforts to drive the social capital investment. Encourage the financial institutions to strengthen and improve the financial services, to provide the credit support and product liability insurance to the enterprises to build up the traceability system. The government procurement shall give priority to the procurement of traceable products under the same conditions. Improve the traceability technology research and development and the promotion policies of the relevant industries.

## 23 Put the Work Responsibilities into Effect

The local people's governments at all levels should take the construction of the important product traceability system as an important livelihood project and public welfare undertaking, study and develop a specific implementation plan in combination with the actual conditions to define the task objectives and priorities, and introduce the targeted policy measures to fulfill the departmental division of responsibilities and schedule, ensuring the various tasks put into practice. The relevant departments should strengthen the coordination and close cooperation to jointly promote in accordance with the division of responsibilities. The Ministry of Commerce should strengthen the inspection and guidance to the local work jointly with the relevant departments.

General Office of the State Council

Dec.30<sup>th</sup> 2015

**END OF TRANSLATION**